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1911

The Banking Laws of Illinois

Compiled by W. H. Kniffin, Jr.

Compliments of the

Drovers Deposit National Bank

Chicago

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**of Banks and Bankers
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Acts

**as Reserve Agent for
National Banks**

The Banking Laws of Illinois

Compiled by
W. H. KNIFFIN, Jr.



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Statement of Condition

June 7, 1911

RESOURCES

| | | |
|-------------------------------|-------|-----------------|
| Loans and Discounts | - - - | \$5,627,329.36 |
| Overdrafts | - - - | 1,741.39 |
| United States and other Bonds | | 743,348.56 |
| Cash and due from Banks | - | 3,764,815.76 |
| | | <hr/> |
| | | \$10,137,235.07 |

LIABILITIES

| | | |
|------------------------------|-------|-----------------|
| Capital Stock paid in | - - - | \$600,000.00 |
| Surplus and Profits | - - - | 443,233.07 |
| Nat'l Bank Notes Outstanding | | 441,600.00 |
| Reserved for Taxes | - - - | 2,935.24 |
| Deposits | - - - | 8,649,466.76 |
| | | <hr/> |
| | | \$10,137,235.07 |

Banking Laws of Illinois

STATE BANKS

ORGANIZA- TION AND MANAGEMENT

On the ratification of this Act by a vote of the people in accordance with the Constitution of this State, (the Act was ratified as herewith given), it shall be lawful to form banks and banking associations, as hereinafter provided, for the purpose of discount and deposit, buying

GENERAL POWERS

and selling exchange and doing a general banking business, excepting the issuing of bills to circulate as money, and such banks or banking associations shall have the power to loan money on personal and real estate security and to accept and execute trusts. (Section 1.)

**APPLICATION
TO
AUDITOR,
PERMIT TO
ORGANIZE**

When any association of persons desire to avail themselves of the provisions of this Act they may apply to the Auditor for permission to organize, stating their place of business, the amount of capital and name under which they desire to organize and the time for which such association shall continue, which statement shall be under their hands and seals, and acknowledged before some officer authorized by law to acknowledge deeds; and the Auditor shall issue them a permit to organize. But no permit shall be issued to more than one association of the same name; and all persons or associations formed under this Act shall have their capital stock divided into shares of one hundred dollars each. (Section 2.)

**SUBSCRIP-
TION TO
STOCK,
ELECTION OF
DIRECTORS,
VOTING**

As soon as may be after receipt of authorization, books of subscription to the capital stock may be opened, and when the capital stock shall have been fully subscribed for, a meeting of the sub-

scribers to the capital stock of such association shall be called (each subscriber having had at least three days' notice) for determination of the number and election of directors to serve as managers for one year and until their successors are elected. And no director shall be elected unless he shall have received votes representing at least a majority of the shares of the association; and the voting may be done by person or by proxy, and at such election each subscriber or stockholder shall have the right to vote for the number of shares owned or subscribed by him for as many persons as there are directors to be elected, or to cumulate such shares and give one candidate as many votes as the number of directors multiplied by the number of his shares of stock shall equal or to distribute them on the same principle among as many candidates as he shall deem proper. (Section 3.)

**ELECTION
OF OFFICERS** The directors so elected may proceed to organize by the election of one of their number as president and may appoint the necessary offi-

cers and employees and fix their salaries to carry on the business of the bank or association and make by-laws (not inconsistent with this Act) for the government of the bank or association; and each director shall take and

**BY-LAWS
OATH OF
OFFICE**

subscribe to an oath such as the Auditor shall prescribe, of fealty to the bank or association of which he is director, and that he will, so far as the duty devolves on him, diligently and honestly administer the affairs of such bank or association, and will not knowingly violate or willingly permit to be violated any of the provisions of this Act; and that he is the owner in good faith, and in his own right of the number of shares of stock required by this Act; and that same is not hypothecated or in any way pledged as security for any loan or debt. Such oath subscribed by the director making it and certified by a proper officer authorized to administer oaths, shall be immediately transmitted to the Auditor, and shall be filed and preserved by him in his office. The directors

shall cause to be kept suitable books of record of all the transactions of the bank or association, and shall furnish to the Auditor lists of the stockholders and copies of any other records the Auditor may require. And there shall be an annual meeting of the stockholders for the election of directors each year on the first Monday in January, unless some other date shall be fixed by the by-laws of the association. Any omission to elect directors shall not impair any of the rights and privileges of the association or of any person in any way interested, but the existing directors shall hold office until their successors are elected and qualified, as in such cases may be by by-laws provided. Vacancies may be filled by a two-thirds vote of the remaining directors.

**QUALIFICA-
TIONS FOR
DIRECTORS,
MEETINGS**

Every director of any bank or association organized under the provisions of this Act must own in his own right, free of any lien or incumbrance, at least ten shares of the capital stock of such bank or association of which he is a director. Any director who ceases

to be the owner of ten shares of the capital stock of such bank or association, or who becomes in any form disqualified, shall therefor vacate his place as such director. The directors of any bank or association organized under the provisions of this Act shall hold regular meetings at least once each month and there shall be present a quorum, as may be prescribed by the by-laws of such bank or association, approved by the Auditor of Public Accounts.

FALSE STATEMENTS Any officer, director or employee of any bank or association organized under the provisions of this Act and who shall wilfully and knowingly subscribe to or make, or cause to be made, any false statement with intent to deceive any person or persons authorized to examine into the affairs of such bank or association, upon conviction thereof, shall be punished by imprisonment of not less than one year or more than ten years. (Section 4.)

EXAMINATION BY AUDITOR PRIOR TO OPENING When the directors have organized, as in section four of this Act, and the capital stock of such association shall have been all fully paid in and record of the same laid be-

fore the Auditor, he shall by himself, or some competent person of his appointment, make a thorough examination into the affairs of such association and if satisfied the authorized capital has been paid in and that the association has the full amount dedicated to the business, including proposed surplus, if any, and when they pay into the Auditor's office the reasonable expenses of such examination, he shall give

**CERTIFICATE
OF AUTHOR-
IZATION** them a written or printed certificate, under seal, authorizing them to commence the business

designated in section one of this Act. And said certificate and the permit issued in accordance therewith, duly certified by said Auditor, shall be filed and recorded in the office for the recording of deeds in the county where such bank is organized, and the original or a certified copy thereof shall be evidence in all courts of the existence and authority of said corporation to do business. Upon the recording of said certificate and permit said bank shall be deemed fully organized and may proceed to business.

The Auditor may in his discretion, withhold

the issuing of the said certificate authorizing the commencement of business when he is not satisfied as to the personal character and standing of the officers or directors elected or appointed in accordance with sections three and four of this Act; or when he has reason to believe that the bank is organized for any purpose other than that contemplated by this Act. (Section 5.)

STOCKHOLDERS' LIABILITY, LIST OF STOCKHOLDERS TO BE FILED

Every stockholder in any bank or banking association organized under the provisions of this Act shall be individually responsible and liable to its creditors over and above the amount of stock by him or her held to an amount equal to his or her respective shares so held for all its liabilities accruing while he or she remains such stockholder. It is hereby made the duty of the president and cashier, within thirty days after organization, to file in the office of the recorder of deeds of the county in which said bank is located, a certified list of all the original stockholders, giving the number of shares

of stock held by each, and thereafter a certificate of all transfers of stock, not later than ten days after such transfer. No transfer of stock shall operate as a release of liability provided in this section. (Section 6.)

REPORTS AND SUPERVISION Any and all persons and associations organizing under the provisions of this Act shall

make to the Auditor a report according to the form which may be prescribed by him, verified by oath or affirmation of the president or cashier of such association, which report shall

REPORTS TO AUDITOR ONCE EVERY THREE MONTHS, PENALTY exhibit in detail and under appropriate heads the resources and liabilities of such bank or association before the commencement of business on the morn-

ing of any day he may choose; and he shall call for such reports at least once every three months of each year and the officers of said banks shall transmit the same to the Auditor within five days after receiving call for the same; and any bank failing to make and transmit such report, or to comply with any pro-

visions of this Act, shall be subject to a penalty of one-hundred dollars for each day after five days that such report is delayed beyond that time. And he shall cause such report to be published at the expense of such bank in some newspaper published in the city or town where such bank is located; or if no newspaper is published in such town, then in the nearest newspaper to such town. Every such quarterly report shall be accompanied with a fee of five dollars to defray the expense of examining the same and preparing it for publication. (Section 7.)

**YEARLY
EXAMINA-
TIONS**

The Auditor as often as he shall deem necessary or proper, and at least once in each year, shall appoint a suitable person or persons to make an examination of the affairs of every bank established under the provisions of this Act, which person shall not be a stockholder or officer or employee of any bank which he may be directed to examine, and who shall have power to make a thorough examination into all the affairs of the bank, and in so doing to examine

any of the officers or agents or employees thereof on oath, and shall make a full and detailed report of the condition of the bank to the Auditor; and the bank shall not be subject to any other visitorial power than such as may be authorized by this Act, except such as are vested in the several courts of law and chancery.

**COMPENSA-
TION OF
EXAMINERS** And every person appointed to make such examination shall receive for his services at the rate of ten dollars for each day by him employed in such examination, and two dollars for each twenty-five miles he shall necessarily travel in the performance of his duty, which shall be paid to them by the bank examined. (Section 8.)

**REAL
ESTATE,
ITS
LIMITATIONS** Associations organized under this Act shall be bodies corporate and politic for the period for which they may be organized, may sue and be sued, may have a common seal which they may alter or renew at pleasure, may own, possess and may carry as assets the real estate necessary in which to do a banking busi-

ness, and such other real estate to which they may obtain title in the collection of debts, but shall not carry in the assets any real estate except the banking house for a period of more than five years after acquiring title to same. (Section 9.)

| | |
|--|--|
| LOANS, LIMITATIONS AND RESTRICTIONS | The total liabilities to any association of any person or of any corporation or firm for money borrowed including in the liabilities of a company or firm the liabilities of the several members thereof, shall at no time exceed fifteen per cent. of the amount of the capital stock of such association actually paid in and unimpaired and fifteen per cent. of its unimpaired surplus fund. |
| LIMIT OF LOANS | |

Provided, however, that the total liabilities of any such person, company or firm shall at no time exceed thirty per cent. of the amount of capital actually paid in: And, provided, further, that undivided profits shall not be construed as a part of the surplus; but the discount of bills of exchange drawn in good faith

against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same, shall not be considered as money borrowed.

**VIOLATIONS,
REMEDIES,
LIABILITIES** Every such loan made in violation of the provisions hereof shall be due and payable according to its terms, and the remedy for the recovery of any money loaned in violation of the provisions hereof, or for the enforcement of any agreement, collateral or otherwise, made in connection with any such loan, shall not be held to be impaired, affected or prohibited by reason of such violation, but such remedy shall exist notwithstanding the same. But every director of any such association who shall violate, or participate in, or assent to such violation, or who shall permit any of the officers, agents or servants of the association to violate the provisions hereof, shall be held liable in his personal and individual capacity for all damages which the association, its stockholders or any other person shall have sustained in consequence of such violation.

**LOANS TO
OFFICERS**

It shall not be lawful for any bank to loan to its president or to any of its vice-presidents or its salaried officers or employees, or to corporations or firms controlled by them, or in the management of which any of them are actively engaged, until an application for such loan shall have been first approved, both as to security and amount, by the board of directors. (Section 10.)

**CAPITAL
STOCK,
INSOLVENCY,
LIQUIDATION**

Banks or banking associations may be organized under the provisions of this Act in all cities, towns, and villages with a minimum capital stock according to the population of such cities, towns, and villages, as follows:

In all cities, towns and villages of not exceeding five thousand inhabitants,
MINIMUM CAPITAL of twenty-five thousand dollars.

In all cities, towns and villages of over five thousand inhabitants and less than ten thousand inhabitants, of fifty thousand dollars.

In all cities, towns and villages of ten thousand inhabitants and less than fifty thousand inhabitants, of one hundred thousand dollars.

In all cities, and towns of fifty thousand inhabitants or more, of two hundred thousand dollars.

**IMPAIRMENT
OF
CAPITAL** Should the capital stock of any bank organized under this Act become impaired, the Auditor shall give notice to the president to have the impairment made good by assessment of the stockholders or a reduction of the capital stock

ASSESSMENT of such bank, if the reduction should not bring the capital below the provisions of this section; and if the capital stock of said bank shall remain impaired for thirty days after notice by the Auditor, he shall have power, and it is hereby made his duty, to enter suit against each stockholder in the name of the People of the State of Illinois, for the use of said bank, for his or her pro rata proportion of such impairment, and when collected shall pay over the amount thereof to said bank, and the judgment in such

case shall be for the amount claimed with all costs and reasonable attorney's fees, which fees shall be fixed by the court; or, if it appears from the reports made to the Auditor under this Act, or from any examination made by or on behalf of the Auditor, that the conditions of any bank organized under this Act are such that the impairment cannot be made good, or that the business of any such bank is being conducted in an illegal, fraudulent or unsafe manner, he may, in his discretion, without having taken the steps provided in this section to make good the impaired capital stock, through the Attorney General, file a bill in the circuit court of the county in which said bank is located, in the name of the People of the State of Illinois against said bank and its stockholders for the
DISSOLUTION, dissolution of the corporation
RECEIVER and for an injunction, and for
the appointment of a receiver
for the winding up of the affairs of the bank. And said court, upon presentation of said bill, and upon being made satisfied that the capital stock of said bank has become impaired to such

an extent that it cannot be made good, or that such bank is being conducted in an illegal, fraudulent or unsafe manner, shall immediately appoint a competent and disinterested person as such receiver, and shall determine and fix his bonds and shall prescribe his duties. And said cause shall proceed as other cases in equity. And no bill shall be filed nor proceedings commenced in any court for the dissolution or for the winding up of the affairs or for the appointment of a receiver for any such banking corporation on the grounds of insolvency or impairment of the capital stock of such banking corporation or upon the ground that such bank is being conducted in an illegal, fraudulent or unsafe manner, except in the name and by the authority of the Auditor of Public Accounts, represented by the Attorney General. When it shall be ascertained, in the course of the administration of the estate of a bank in the hands of a receiver that the assets of the bank are insufficient to discharge the entire liability of such bank to its creditors, and when the amount of such deficiency is determined, the court may,

**ENFORCE-
MENT OF
STOCK-
HOLDERS'
LIABILITY**

in its discretion, direct the receiver to proceed to enforce the liability of the stockholders to creditors, provided in section six of this Act; and when so directed, such receiver shall have the power, and it shall be his duty, to take such action, by suit or otherwise, as the court may direct, to enforce such liability for the benefit of the creditors and to disburse to creditors the amounts collected thereon, in the same manner as disbursements are made to creditors of the assets of the bank.

Such receiver shall file with the Auditor a copy of each report which he makes to the court appointing him in order that the said Auditor may have at his command a complete record of all State institutions whose business has been so liquidated.

At any time, whenever a majority in number and amount of the creditors of any such bank or association, after any such receiver shall have been appointed, shall petition the court for the appointment of any person nominated by them as receiver, who is a reputable

person and elector of the county in which said bank or association is located, it shall be the duty of the court to make such appointment, and all the rights and duties of its predecessors shall at once devolve upon such appointee. (Section 11.)

CONSOLIDA-
TION
CHANGE OF
NAME,
PLACE OF
BUSINESS,
CHANGES IN
MANAGE-
MENT,
HOW MADE

Whenever the board of directors, managers or trustees, of any corporation having any banking powers, existing by virtue of any general or special law of this State, or any corporation with banking powers hereafter organized under the provisions of this Act may desire to change the name, to change the place of business, to increase or decrease the capital stock, to increase or decrease the number of directors, managers or trustees, or to consolidate such corporation with any other corporation having banking powers which may hereafter exist, they may call a special meeting of the stockholders of such corporation for the purpose of submitting to a vote of such stockholders the question of

such change of name, change of place of business, increase or decrease of number of directors, managers or trustees, increase or decrease of capital stock, or consolidation with some other corporation, as the case may be: Provided, that in changing the name of any corporation under the provisions hereof, no name shall be assumed or adopted by any corporation organized under the laws of this State, without the consent of such other corporation, and that in no case shall the capital stock be diminished to the prejudice of the creditors of such corporation, or the number of directors, managers or trustees be reduced to less than five, or increased to more than eleven.

**SPECIAL
MEETINGS**

Such special meeting shall be called by delivering personally, or by depositing in the postoffice at least thirty days before the time fixed for such meeting, a notice properly addressed to each stockholder, signed by a majority of said directors, managers or trustees, stating the time, place and object of such meeting. A general notice of the time, place and object of

such meeting shall also be published for three successive weeks in some newspaper printed in or nearest to the county in which the principal business office of said corporation is located.

**VOTING
ON SAME**

At any such meeting stockholders may vote in person or by proxy, each stockholder being entitled to one vote for each share of stock held by him, and votes representing two-thirds of all the stock of the corporation shall be necessary for the adoption of the proposed change of name, place of business, number of directors, managers or trustees, amount of capital stock, or consolidation with some other company.

**CERTIFICATE
OF STOCK-
HOLDERS'
CONSENT**

At any regular meeting, or at the time and place specified in said notice of a special meeting called for that purpose, said propositions, or any of them, may be submitted to a vote, and if it shall appear that two-thirds of all the votes represented by the whole stock of such corporation are in favor of the propositions, or any of them so submitted, a certificate

thereof, verified by the affidavit of the president, and under seal of the corporation, shall be filed in the office of the Auditor, and a like certificate filed for record in the office of the recorder of deeds of the county where the principal business office of such corporation is located; and upon the filing of such certificates the changes proposed and voted for at such meeting, as to name, place of business, increase or decrease of capital stock, or number of directors, managers, or trustees, or consolidation with some other company, shall be and is hereby declared accomplished, in accordance with

**OTHER
BANKS
SUBJECT TO
THIS ACT**

the said vote of the stockholders: And, provided, further, that any corporation with banking powers availing itself of or accepting the benefits of, or formed under this Act, and all corporations with banking powers existing by virtue of any special charter or general law of this State, shall be subject to the provisions and requirements of this Act in every particular, as if organized under this Act.

Such corporation shall, upon the filing of

said certificate, cause to be published in some newspaper in or nearest to the county in which their principal office is located, a notice of such changes of organization for three successive weeks.

**RIGHTS OF
CREDITORS
NOT
IMPAIRED**

Such change of name, place of business, increase or decrease of capital stock, increase or decrease of number of directors, managers or trustees, or consolidation of one corporation with another, shall not affect suits pending in which such corporations or corporation shall be parties; nor shall such changes affect causes of action, nor the rights of persons in any particular, nor shall suits brought against such corporation by its former name be abated for that cause. (Section 12.)

**CONSOLIDA-
TION
PROCEEDINGS
TO BE
FORWARDED**

All corporations with banking powers consolidating as provided in section twelve shall forward to the Auditor the complete proceedings of their consolidation, a list of the stockholders and such other records as the Auditor may require, when

the Auditor shall proceed as provided in section five of this Act in regard to the organization of new banks, and until he shall so proceed, and such consolidated corporation shall comply with all the provisions of such section, it can not begin business. (Section 13.)

**RATIFICA-
TION OF
CHANGES
UNDER
PRIOR ACT**

In all cases where any corporation having any banking powers, existing under and by virtue of any general or special laws of this State, has, prior to the passage of this Act, changed its name or its place of business, or increased or decreased its capital stock, or the number of its directors, managers, or trustees, in the manner provided by an Act of the General Assembly of this State, entitled, "An Act to provide for changing the names, for changing the place of business, for increasing or decreasing the capital stock, for increasing or decreasing the number of directors, and for the consolidation of incorporated companies," approved and in force March 26, 1872, such change or changes are hereby ratified and confirmed and made valid

and legal in all respects as if made in pursuance of the provisions of this Act. (Section 14.)

**DEPOSITS
WITH
AUDITOR
FOR
LIQUIDATING
PURPOSES**

Any association organized under this Act, or any corporation with banking powers organized in pursuance of any general or special law of this State, or any consolidated corporation with banking powers as provided for by this Act, on depositing with the Auditor an amount of money equal to the whole amount of debts and demands against it, including the expenses of this proceeding, may determine its affairs, distribute its assets among its stockholders, resign its charter or certificate of incorporation, and close up its business, by a resolution passed at a meeting of its stockholders called for such purpose. The Auditor

**PUBLICATION
OF
RESOLUTION
TO
LIQUIDATE,
CLAIMS**

shall cause a copy of such resolution to be published in some newspaper published in the city or village where such bank or corporation is located; or if no newspaper shall there be published, then in the

newspaper nearest to such city or village, and the Auditor shall in such publication also give notice that the notes and demands against such bank or corporation will be redeemed by him, and if any outstanding notes or other demands are not presented in one year, such bank may deposit with the Auditor or elsewhere, under his direction, and subject to his order, on interest, a sum sufficient to meet such outstanding demands, which when presented to the Auditor, shall be paid by him out of such sum, and after six years from the day on which the publication of the dissolution was first made, the Auditor shall return to the stockholders, to be among them distributed, the remainder of any sum so deposited.

**COMPENSA-
TION OF
AUDITOR**

The Auditor shall be entitled to two per cent. of all money paid out by him under the provisions of this section, where the amount so paid, on account of any one bank or corporation, shall not exceed five thousand dollars, and one per cent. after that. (Section 15.)

TRUST COMPANIES

GENERAL POWERS

Any corporation which has or shall be incorporated under the general incorporation laws of this State, being an Act entitled "An Act concerning corporations," and all amendments thereof, for the purpose of accepting and executing trusts, and any corporation now or hereafter authorized by law to accept or execute trusts, may be appointed assignee or trustee by deed, and executor, guardian or trustee by will, and such appointment shall be of like force as in case of appointment of a natural person. (Section 1, Trust Company Act.)

COURT MAY APPOINT TRUST COMPANY RECEIVER, GUARDIAN, ETC.

Whenever application shall be made to any Court in this State for the appointment of any receiver, assignee, guardian, conservator, executor, administrator or other trustee, it shall be lawful for such court to appoint any such corpora-

tion as such trustee, receiver, assignee, guardian, conservator, executor or administrator: Provided, any such appointment as guardian or conservator shall apply to the *estate* only, and *not to the person*.

**DEPOSITORY
FOR COURT
FUNDS**

Any court having appointed and having jurisdiction of any receiver, executor, administrator, conservator, guardian, assignee or other trustee, upon the application of such officer or trustee, or upon the application of any person having an interest in the estate administered by such officer or trustee, after such notice to the other parties in interest as the court may direct, and after a hearing upon such application, may order such officer or trustee to deposit any moneys then in his hands, or which may come into his hands thereafter, and until the further order of said court, with any such corporation and upon deposit of such money, and its receipt and acceptance by such corporation, the said officer or trustee shall be discharged from

further care or responsibility therefor. Such deposit shall be paid out only upon the orders of said court.

**BONDS OF
RECEIVER,
ASSIGNEE,
ETC., HOW
REDUCED**

Whenever in the judgment of any court having jurisdiction of any estate in process of administration by any assignee, receiver, executor, administrator,

guardian, conservator or other trustee, the bond required by law of such officer shall seem burdensome or excessive, upon application of such officer or trustee, and after such notice to the parties in interest as the court shall direct, and after a hearing on such application, the said court may order the said officer or trustee to deposit with any such corporation, for safe keeping, such portion of all of the personal assets of said estate as it shall deem proper, and thereupon, said court shall, by an order of record, reduce the bond to be given, or therefor given by such officer or trustee, so as to cover only the estate remaining in the hands of said officer or

trustee, and the property as deposited shall thereupon be held by such corporation under the orders and directions of said court. (Section 2, Trust Company Act.)

**NOT TO
GIVE BOND** Such corporation shall not be required to give any bond or security in case of any appointment hereinbefore provided for, except as in hereinafter provided, but shall be responsible for all investments which shall be made by it of the funds which may be entrusted to it for investment by such court, and shall be further liable as natural persons in like positions now are, and as hereinafter provided. The amount of money which any

**LIMITATIONS
AS TO LOANS** such corporation shall have on deposit at any time shall not exceed ten times the amount of its paid up capital and surplus, and its outstanding loans shall not at any time exceed said amount. (Section 3, Trust Company Act.)

INTEREST Such company shall pay interest upon all moneys held by it by virtue of this Act, at such rate as may be agreed

upon at the time of its acceptance of any such appointment, or as shall be provided by order of the court. (Section 4, Trust Company Act.)

**COMPEN-
SATION**

Such corporations shall be entitled to and shall be allowed proper compensation for all the services performed by them under the provisions of this Act, but such compensation shall not exceed that allowed to natural persons for like services. (Section 5, Trust Company Act.)

**DEPOSITS
WITH
AUDITOR FOR
BENEFIT OF
CREDITORS**

Each company in all cities and towns of 100,000 inhabitants or more, before accepting any such appointment or deposit shall deposit with the Auditor of Public Accounts the sum of \$200,000, and each company in all cities and towns of less than 100,000 inhabitants shall deposit with the Auditor of Public Accounts the sum of \$50,000, said deposit to be for the benefit of the creditors of said company, and to consist of bonds of the United States or municipal bonds of this State, or in mortgages on improved and pro-

ductive real estate in this State, being first liens thereon, and the real estate being worth at least twice the amount loaned thereon. Bonds and securities so deposited may be
EXCHANGE exchanged, from time to time,
OF for other securities receivable as
SECURITIES aforesaid. Said bonds of the United States or municipal bonds of this State to be registered in the name of said Auditor officially, and all said securities to be subject to sale and transfer and to the disposal of the proceeds by said Auditor only on the order of a court of competent jurisdiction and as hereinafter provided in section 18. So long as the company so depositing shall continue solvent, such company shall be permitted to receive from said Auditor the interest or dividends on said deposit: Provided, however, that when it shall appear to the Auditor of Public Accounts from the annual report of any such company that the value of the personal property and the cash held and possessed by such company by virtue of the provisions of this Act, and any amendment thereof,

**INTEREST ON
SECURITIES
DEPOSITED
WHEN SAID
DEPOSIT
MAY BE
INCREASED
OR
DIMINISHED**

exceeds ten times the amount of the deposit aforesaid, he shall require said companies, if in cities or towns of 100,000 inhabitants or more to forthwith increase said deposit to the sum of \$500,000 in such securities,

and in all cities and towns of less than 100,000 inhabitants to forthwith increase the said deposit to the sum of \$125,000 in such securities. And whenever it shall appear to the Auditor of Public Accounts that the amount of personal property and cash so held by any such company has been reduced below ten times the value of its original deposit above provided for, and said company is not in any default in its duties and obligations hereunder, he shall allow said company to reduce its said deposits to the sum originally required in this section by the withdrawal of such additional deposits until such time as an increase in its holdings shall again require an additional deposit as hereinbefore provided. No corporation authorized to accept and execute trusts shall either directly or indirectly,

through any officer, agent or employee of such corporation, certify to any bond, note or other obligation to evidence debt, secured by any trust deed or mortgage upon or

COMPLIANCE WITH ACT accept any trust concerning property located wholly or in part in this State without complying with said Act and the amendments thereto; and any trust deed or mortgage given or taken in violation of the provisions of said Act and the amendments thereto shall be null and void. (Section 6, Trust Company Act.)

DEPOSITS IN MORTGAGES TO BE ACCOMPANIED BY SEARCH, ETC. When any part of such deposit is made in bonds and mortgages it shall be accompanied by full abstracts of titles and searches, and shall be examined and approved by or under the direction of the Auditor. The fees for an examination of title by counsel, to be paid by the company making the deposit, shall not exceed \$20 for each mortgage, and the fee for each appraiser not exceeding two, besides expenses, shall be \$5 for each mortgage. (Section 7, Trust Company Act.)

**AUTHORIZA-
TION BY
AUDITOR**

It shall not be lawful for any such company to accept any trust or deposit as hereinbefore provided, after the passage of this Act, without first procuring from the Auditor of Public Accounts a certificate of authority stating that such company has complied with the requirements of this Act in respect to such deposit. (Section 8, Trust Company Act.)

**REPORTS
AND
EXAMINA-
TIONS**

Such companies shall file with the said Auditor, during the month of January of each year, a statement, under oath, of the condition of such company on the thirty-first day of December next preceding, exhibiting the following items in the following form:

**YEARLY
REPORT,
STATEMENT
OF ASSETS**

(a) The assets of said company, specifying:
First—The description and market value, or as nearly as may be, of the real estate owned by such company.

Second—The amount of cash on hand and

deposits in banks to the credit of said company, specifying in what banks such deposits are.

Third—The amount of cash in the hands of agents and in the course of transmission.

Fourth—The amount of loans secured by mortgages and bonds, constituting a first lien on real estate, on which there shall be less than one year's interest due or owing, and the amount of such interest.

Fifth—The amount of such loans on which there shall be more than one year's interest due or owing, and the amount of such interest.

Sixth—The amount due the company on which judgments have been obtained.

Seventh—The amount of stocks and bonds of this State, and of the United States, of any incorporated city of this State, and of any other stocks and bonds owned by such company, specifying the amount, number of shares, and the par and market value of each kind of stock or bonds.

Eighth—The amount loaned upon the pledges of securities, with a statement of the securities

so held by such company, and the par and market value of such securities.

Ninth—The amount of all other assets of such company, including accrued interest not enumerated above.

STATEMENT
OF
LIABILITIES,
STATEMENT
OF TRUSTS

(b) The liabilities of such company, specifying:

First—The capital stock paid in.

Second—The surplus on hand.

Third—The undivided profits.

Fourth—The deposits held by such company.

(c) A list and brief description of the trusts held by such company, the source of the appointment thereto, and the amount of real and personal estate held by such company by virtue thereof, except that mere mortgage trusts wherein no action has been taken by such company, shall not be included in such statement. The said report shall also be in such form and contain such statements, returns and information, as to the affairs, business condition, and resources of the corporation, as the said Auditor of State may, from time to time,

prescribe or require. (Section 9, Trust Company Act.)

**VERIFICATION
OF REPORT,
EXAMINATION
BY TRUSTEES**

Such report shall be verified by the affidavit of one of the managing officers, and two of the directors or trustees of said company, who shall also state in such affidavit that they have examined the assets and books of said company for the purpose of making said report. Any false swearing in regard to such report shall be deemed perjury, and shall be subject to the punishments prescribed by law for such offense. (Section 10, Trust Company Act.)

**COMMUNICA-
TIONS FROM
AUDITOR,
ADDITIONAL
REPORTS**

The Auditor of Public Accounts is hereby authorized and empowered to address any inquiries to any such company, or the officers thereof, in relation to its doings and condition, or any other matter connected with its affairs, and it shall be the duty of any company or person so addressed, to promptly reply in writing to such inquiries. The Auditor may also require reports from any

such corporation at any time he may deem desirable. (Section 11, Trust Company Act.)

**YEARLY
EXAMINA-
TIONS**

It shall be the duty of said Auditor, annually, either personally or by one or more competent persons to be appointed by him, to visit and examine every such corporation in this State. The Auditor shall also have power, in like manner, to examine any such corporation whenever, in his judgment, it may be deemed necessary or expedient. The said Auditor and every such examiner shall have power to administer an oath to any person whose testimony may be required on any such examination, and to compel the appearance and attendance of any such person for the purpose of examination, by summons, subpoena or attachment, in the manner now authorized in respect to the attendance of persons as witnesses in the courts of record in this State; and all books and papers which may be deemed necessary to examine by the Auditor or examiner so appointed shall be produced, and their production may be compelled in like manner. The expense of

FEES FOR EXAMINATION every examination, if any, shall be paid by the corporation examined, in such amount as the Auditor shall certify to be just and reasonable: but whenever such special examination shall be made by the Auditor in person, or by one or more of the regular clerks in his department, no charge shall be made except for necessary traveling and other actual expenses. On every examination, inquiry shall be made as to the condition and resources of the corporation generally, the mode of conducting and managing its affairs, the action of its directors or trustees, the investment of its funds, the safety and prudence of its management, the security afforded to those by whom its engagements are held, and whether the requirements of its charter and of the laws have been complied with in the administration of its affairs. The result of such examination shall be certified by the examiners or one of them, upon the records of the corporation examined, and the result of all the examinations during the preceding two years,

CERTIFICATION OF EXAMINATION

shall be embodied in the report of the Auditor required by this Act to be submitted to the Legislature. Such report shall give date to which such report refers, the amount of capital returned by each of said corporations, the whole amount of its debts and liabilities, the total sum of its resources, and such other information as such Auditor may deem useful. (Section 12, Trust Company Act.)

**PUBLICATION
OF
STATEMENTS** The said Auditor shall cause a proper abstract of the statements of assets and liabilities reported under section nine of this Act, to be published once in each week for three consecutive weeks, in two newspapers of general circulation, the one printed in the city of Springfield, and the other in the county seat of the county wherein the principal office of the respective company is located, such publication to be paid for by said company. (Section 16, Trust Company Act.)

**UNLAWFUL
BANKING** Whenever it shall appear to the said Auditor from any such examination or report, that any

such corporation has committed any violation of law, or is conducting its business in an unsafe or unauthorized manner, he shall, by an order under his hand and seal, direct the discontinuance of such illegal and unsafe or unauthorized practices, and strict conformity with the requirements of the law, and with safety and security in its transactions; and whenever any such corporation shall refuse or neglect to make any such report as is hereinbefore required, or to comply with any such order as aforesaid, or whenever it shall appear to the Auditor that it is unsafe or inexpedient for any such corporation to continue to transact business, or that extraordinary withdrawals of money are jeopardizing the interest of remaining depositors, or that any trustee or officer has abused his trust or been guilty of misconduct or malversation in his official position, injurious to the institution, or that it has suffered a serious loss by fire, burglary, repudiation or otherwise, he shall communicate the facts to the Attorney General, who shall

thereupon institute such proceedings against the corporation as the nature of the case may require. (Section 13, Trust Company Act.)

**REVOCATION
OF
CERTIFICATE** If the Auditor shall at any time have satisfactory evidence that any annual statement or other report required or authorized by this Act, made or to be made by any officer or officers of such corporation, is false, it shall be the duty of the said Auditor to immediately revoke the certificate of authority granted on behalf of such corporation, and mail a copy of such revocation to said corporation and the clerk of every court of record in this State. Such revocation shall not be set aside until satisfactory evidence shall be given to said Auditor that such corporation is, in substance and in fact, in the condition set forth in such statement or report, and that all the requirements of this Act have been complied with. Such revocation shall be sufficient cause for the removal of such company from any appointment held by it under the provisions of this Act. (Section 14, Trust Company Act.)

PENALTY Any violation of any of the provisions of this Act shall subject the party violating the same to a penalty of \$500 for each offense, and the additional sum of \$100 per day during which any such company shall fail to file its said report after the last day of January in each year. (Section 15, Trust Company Act.)

FEES There shall be paid by every company to whom this Act shall apply, the following fees: For filing the original application and receiving the deposit required by section six of this Act, the sum of \$30; for filing the annual statement required, \$10; for the certificate of authority, \$2; for every copy of a paper filed in the Auditor's office, the sum of 20 cents per folio; for affixing the seal of said office to said copy, certifying the same, \$1. (Section 17, Trust Company Act.)

RETIRING FROM BUSINESS Any company which desires to retire from business under this Act, shall furnish to the Auditor satisfactory evidence of its release and dis-

charge from all the obligations and trusts hereinbefore provided for, whereupon he shall revoke his certificate to such company, and return its securities. (Section 18, Trust Company Act.)

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OFFICERS

Edward Tilden

President

John Fletcher

Vice-President

Geo. M. Benedict

Cashier

J. C. Morrison

Assistant Cashier

H. P. Gates

Assistant Cashier



DIRECTORS

Edward Tilden

Wm. A. Tilden

L. B. Patterson

John Fletcher

Averill Tilden

Illinois

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